



DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

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**PRODUCER NEWS FLASH**  
**Auto Liability Insurance Policies - One Day Lapse**  
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Nevada LIVE, Nevada's liability insurance verification system, is identifying numerous cases of a one-day lapse in coverage because of an incorrect inception or cancellation date of the policy. Auto liability insurance policies terminate at 12:01 am on the expiration date listed on the evidence of insurance cards. This means your customers only have one minute of coverage on the expiration date and not for the entire day.

The below scenarios are true cases that have resulted in a lapse of insurance coverage causing unsuspecting consumers to become uninsured drivers on the date of policy expiration.

Scenario	Result
A replacement policy is issued by a new company and the customer cancels the old policy to be effective the same date.	Customer may be uninsured <u>IF</u> the old policy is cancelled at 12:01am of that date and the new policy goes into effect at 12:01am the next date.
A replacement policy is issued on the day of expiration of the old policy.	Customer is uninsured and now has a lapse in coverage as the old policy already expired at 12:01am.
A renewal payment is made <u>on</u> the policy expiration date.	Customer is uninsured and now has a lapse in coverage as the policy already expired at 12:01am.

It is critical to remember that insurance coverage **does not** exist through the expiration date listed on the Evidence of Insurance card. Coverage exists only to the expiration date and ends one minute into the expiration date.

When issuing new or replacement policies or accepting payments on existing policies:

- Check the policy inception and expiration dates. Remember, insurance policies begin and end at 12:01 a.m. on both of these dates.
- Watch for the possibility of a lapse.
- If you identify a potential lapse, alert your insureds and discuss consequences of even a one-day lapse (financial personal liability for injury to another caused by your insured and/or DMV fine of \$250).
- Discuss options available to avoid a lapse.